

NEWS from the T&I DEMOCRATS

Committee on Transportation and Infrastructure, Democratic Caucus

U.S. House of Representatives, 2163 Rayburn HOB, Washington, DC 20515

www.house.gov/transportation_democrats

For Immediate Release Friday, November 18, 2005

Contact: Jim Berard, (202) 225-6260

Approps. Bill Undoes Consumer Protection *Oberstar criticizes preemption of SAFETEA-LU*

WASHINGTON—The transportation appropriations conference report approved by the House today contains language that overturns consumer protections enacted just a few months ago in the new surface transportation law.

Rep. James L. Oberstar, Ranking Democrat on the House Transportation and Infrastructure Committee criticized the conference report, which overturns language giving the states the power to enforce federal consumer laws on interstate moving companies.

“Federal officials did not have the resources to protect consumers who are defrauded by unscrupulous movers engaged in interstate commerce, so we gave the states the power to act,” Oberstar said. “Now the appropriators are undoing what we did less than four months ago, and the American consumer is the poorer for it.”

Fraud in the household goods moving industry affects thousands of victims each year. Unscrupulous movers offer low estimates, then later inflate the price of the move and hold the customer’s goods hostage until they pay the inflated price.

The frequency of such scams increased after federal authority over these companies was transferred from the Interstate Commerce Commission to the Department of Transportation (DOT) in 1995. These responsibilities fell to the Federal Highway Administration (FHWA) and later to the Federal Motor Carrier Safety Administration (FMCSA). FMCSA’s primary mission is safety, and the agency has few resources to focus on consumer protection. Corrupt movers increasingly exploited this regulatory gap.

In March of 2001, the General Accounting Office (GAO) reported that complaints of consumer fraud in the household goods moving industry rose dramatically from 1996 to 1999. Complaints to DOT rose 107 percent and the number of requests for arbitration to the American Moving and Storage Association went up 750 percent.

MORE...

T&I DEMS/CONSUMERS
NOVEMBER 18, 2005
ADD ONE

In response, Congress included language in SAFETEA-LU that provided greater protection against unscrupulous “rogue” movers. The law authorized state attorneys general and state consumer protection agencies to enforce federal regulations governing the interstate movement of household goods.

Language included in the Conference Report on H.R. 3058, the Transportation, Treasury, HUD, Judiciary, District of Columbia Appropriations Act 2006, approved by the House today, undoes this protection. The new language prevents state authorities from taking action against established movers, or those who do not egregiously violate federal motor carrier safety regulations, regardless of how flagrantly these companies violate consumer protection laws. It also prevents state consumer protection agencies from taking administrative action against unscrupulous movers, and limits these agencies to filing cases in United States District Courts.

The language was placed in the appropriations bill at the request of Sen. Christopher (Kit) Bond of Missouri, a conferee on the appropriations bill. Ironically, Bond was also a conferee on SAFETEA-LU and agreed to the conference report containing the consumer protection provision.

###